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8 April 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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EASTERN EUROPE

1. Czech President Gottwald reported ill: President Klement Gottwald was too ill to be present at the funeral of his mother, which was held in Brno on 5 April. [REDACTED]

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Comment: This tends to confirm a report of January 1952 that Gottwald was so ill that his New Year's Day address had to be read by another person. It also adds weight to a report in December 1951 that Soviet Deputy Minister of Foreign Affairs, Valerin A. Zorin, and the physician who treated former Bulgarian Prime Minister Georgi Dimitrov before his death were in Prague in connection with Gottwald's illness.

2. Former Secretary General of the Slovak Communist Party purged: Rude Pravo, the official Czech Communist Party organ, has confirmed that Stefan Bastovansky, the former Secretary General of the Slovak Communist Party, has been purged. [REDACTED]

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Comment: Stefan Bastovansky was Secretary General of the Slovak Communist Party until 19 October 1951 when the Central Committee was reorganized to coincide with the new organization of the Czech Communist Party. At that time Bastovansky was made one of four Secretaries to the Central Committee. He continued as a member of the Presidium of the Czech Communist Party and of the Organizational Secretariat of the Party.

It was reported from Rome about the middle of December that Bastovansky had been arrested, but on 18 December he was present at the meeting of the Presidium of the Czech Communist Party.

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3. Voroshilov speaks at Hungarian Liberation Day ceremonies: Soviet Politburo Member Voroshilov spoke at Liberation Day ceremonies held at the Budapest opera house on 3 April. His address emphasized the defense of Hungarian and Soviet bloc independence against the Atlantic bloc. After sounding the themes of Korea, China, BW and the armaments race, he condemned obstruction to the establishment of an independent and democratic Germany. He devoted somewhat greater time to a denunciation of Tito and MSA.

Hungarian Foreign Minister Karoly Kiss, following Voroshilov, dwelt on Hungary's economic progress, made possible by Soviet aid. He further asserted that the Hungarian peasants were becoming convinced of the advantages of large scale co-operative farming. Stressing the need for peace, Kiss pointed to Stalin's declaration that war was no nearer today than two or three years ago as tantamount to the success of the peace-loving Soviet bloc.

The Budapest celebrations included a propaganda parade on 4 April. The reaction of the crowd, estimated at 200,000, was surprisingly negative. [redacted] 25X1

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4. Speculation on Rakosi's weakened standing may be premature: Praise directed by Soviet Politburo member Voroshilov and other foreign speakers to Hungarian Politburo member Rakosi during Liberation Day ceremonies would seem to make speculation on the latter's weakened standing in Moscow premature. However, congratulatory telegrams were sent on an official-to-official basis by Stalin to Dobi, Shvernik to Ronai and Vyshinsky to Kiss, while only the Mongols addressed telegrams to Rakosi.

[redacted] Rakosi, accompanied by guest of honor Voroshilov, was present at the 4 April parade and reception. [redacted] 25X1

Comment: The absence of any personal telegrams from the Soviet Union on Rakosi's sixtieth birthday on 9 March awakened speculation on his weakened standing with Moscow.

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FAR EAST

5. Nation-wide strikes scheduled in Japan: The non-Communist General Council of Japan Trade Unions (SOHYO) has scheduled one-day nation-wide strikes on April 12 and 18 to express opposition to legislation for the control of subversive activities.

CINCFE comments that broader issues are at stake because the success or failure of the strikes will exert a major influence upon future relations between organized labor and the government. [redacted] [redacted]

Comment: The so-called subversive activities bill is designed largely to replace Occupation directives with basic legislation to control illegal organizations and activities. The bill is directed primarily at the Communist Party; however, the left-wing Socialist Party, its labor affiliates, and elements of the press are opposing the bill on the grounds that it is susceptible to eventual misuse against the government's legitimate opposition.

The strikes may be utilized by the Communists as a vehicle for the campaign of intimidation against the police.

6. Japanese worried over economic stability: CINCFE reports that, with the imminent return of sovereignty, the Japanese are becoming increasingly concerned about the stability of Japan's economy. The ending of American aid, the temporary nature of American procurement orders for Korea, and the failure of the United States to place substantial orders in connection with the free world's defense effort are the main causes for apprehension. Increasing pressure to trade with the Soviet bloc may be expected, CINCFE believes. [redacted]

Comment: The abnormal dependence of the Japanese economy upon temporary United States procurement is illustrated by 1951 figures which showed an unfavorable merchandise trade balance with dollar areas of 676 million dollars. This deficiency was largely balanced, however, by US dollar expenditures in Japan.

Japanese economic circles have become increasingly pessimistic and somewhat resentful over failure to receive American loans and orders in the volume which they had anticipated.

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- 25X1 7. Japan may seek participation in COCOM: A Japanese Foreign Office official stated informally to the American Political Adviser that the United States can count on Japan's cooperation concerning export control policy. The official added, however, that Japan would prefer participation in the Coordinating Committee for Export Controls (COCOM) "because the Diet will ask whether Western Europe enforces the same controls as Japan." [redacted]

Comment: The United States has proposed to Japan that a multilateral conference be held to consider Japan's separate participation in Western export security controls. Participation in COCOM would permit Japan to adopt the less strict export controls exercised by the Western European nations, thus partially satisfying domestic demands for an enlargement of trade with the Chinese mainland.

8. Rhee forces suffer defeat in South Korean Assembly: The anti-Rhee majority in the South Korean National Assembly passed a resolution on 4 April extending the present session until 30 June or until the election of the president is completed.

Ambassador Muccio considers this action "highly significant" because it legally blocks re-introduction of the Rhee-sponsored constitutional amendment providing for direct election of the ROK president until the following election. (South Korean law prohibits the introduction of the same measure twice in the same session.)

25X1 Anti-Rhee proponents argued for the extension as a precautionary measure for the protection of the Assemblymen, who are free from arrest during Assembly sessions under constitutional guarantee. [redacted]

Comment: Rhee's recent attempts to pressure the Assembly into enacting his measures have included staged demonstrations, and appeals to the public to recall uncooperative Assemblymen. The President would be capable of arranging the arrest of opposition Assemblymen.

9. Communist China allegedly buys 2,000 Soviet planes: According to the Nationalist Ministry of National Defense, the Chinese Communists have decided to buy 2,000 aircraft, including about 300 jets, from the USSR. However, the same report adds that some Soviet officials say the Chinese Communist Air Force has enough planes but is short of trained pilots and crews.

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FEAF comments that the purchase of 2,000 aircraft seems unsound from a maintenance point of view for a relatively new air force, and that the reported proportion of conventional aircraft, 85 percent, is improbably large. [REDACTED] 4 Apr 52)

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Comment: There are an estimated 1,700 combat aircraft, including 900 jet fighters, in the China area now. The reported shortage of trained pilots is supported by reports from the Korean theater that MIG-15 pilots encountered in the past month are of low calibre.

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11. Hong Kong government to force showdown with Communist news agency: The Hong Kong government expects shortly to request the official Chinese Communist news agency to register under the press ordinance. If the agency refuses, its director and key personnel will be ordered to leave the colony.

The British Foreign Office anticipates a "strong Communist reaction" to this move, particularly in view of the current prosecution for sedition of pro-Communist editors in Hong Kong. [REDACTED]

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Comment: The Hong Kong government has been tolerant of Peiping's propaganda activity, but in recent weeks the Communist press has incited violence against the colony's authorities.

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12. France intimates willingness to repatriate Chinese Nationalists in Indochina: According to the Chinese Nationalist Foreign Minister, France has intimated that as a quid pro quo for Security Council support on the Tunisian question it would send to Formosa the Chinese Nationalist troops interned in Indochina. [redacted] [redacted]

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Comment: France has persistently refused to repatriate interned Chinese Nationalist forces to Formosa for fear of provoking the Chinese Communists to increased support of the Viet Minh. The maintenance of these troops has been a substantial drain on French resources in Indochina, and they represent a considerable security problem. France recently indicated a willingness to discuss their eventual repatriation.

13. American Minister calls Letourneau appointment disappointing to Vietnamese: Minister Heath in Saigon states that the assignment of Jean Letourneau as "itinerant minister resident" to the Associated States of Indochina is a disappointment to those who look for a redefinition of French policy or a "new look" in French-Vietnamese relations. Vietnamese distrust of Letourneau is aggravated by his name being linked with continuing rumors of French negotiations with the Viet Minh, despite French denials of these rumors. [redacted]

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Comment: A major theme of Letourneau's statements during a visit to Indochina in February, was that the Vietnamese must cease all clamor for further political concessions. Reports of Vietnamese fears of a French agreement with the Viet Minh are being received in considerable volume.

14. Thai Government criticized in Parliament: The new Thai Government received a 176-4 vote of confidence -- 70 members either abstained or were absent. For the previous two days newly elected parliament members "lambasted" the government for extending military control, undemocratic behavior and corruption. Government-appointed members said nothing during the debate, presumably to keep it short.

Premier Phibun made all the answers for the government, while other cabinet members, according to the Embassy in Bangkok, "were obviously stunned" by the criticism. [redacted]

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Comment: The final vote is indicative of the control over the legislature exercised by the ruling military clique. Signs of continued opposition, moreover, suggest that those in power will find it expedient to keep friction among themselves to a minimum.

15. British committee estimates closer alignment of Burmese insurgent groups: The British Defense Coordinating Committee in Singapore estimated in late March that the leaders of the insurgent Karens had probably reached an agreement with the Burmese Communists. They also saw indications of closer cooperation between the three main Burman rebel groups -- the two Communist Parties and the Peoples's Volunteer Organization. These officials concluded that the personal differences, which have heretofore prevented the coalescing of these groups, were apparently being submerged in the interest of developing regional united fronts.

The American Embassy in Rangoon comments that its information does not support this British estimate. On the contrary, the Embassy states, current attempts to develop an insurgent united front have no greater prospect of success than earlier efforts.

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Comment: Other reports indicate that Communist efforts to reach an agreement with the Karens have thus far failed. However, lack of food and ammunition makes the Karens increasingly vulnerable to Communist inducements.

16. Philippine Communists accurately analyze their situation: Philippine Communists regard themselves as being on the defensive militarily and on the offensive politically, according to captured documents of early 1952. The party recognized the need to prepare for a long, serious struggle. Propaganda was cited as the best method for winning the masses. The necessity for recruiting and training of cadres was emphasized and infiltration tactics were stressed. Under the heading of military tasks to be accomplished, only ambushes, kidnappings and the liquidation of spies and traitors were mentioned.


Comment: Similar realistic self-analysis by the Communists since their setbacks in recent months has been noted previously. The American Embassy in Manila observed, with regard to these documents, that the party showed no loss of

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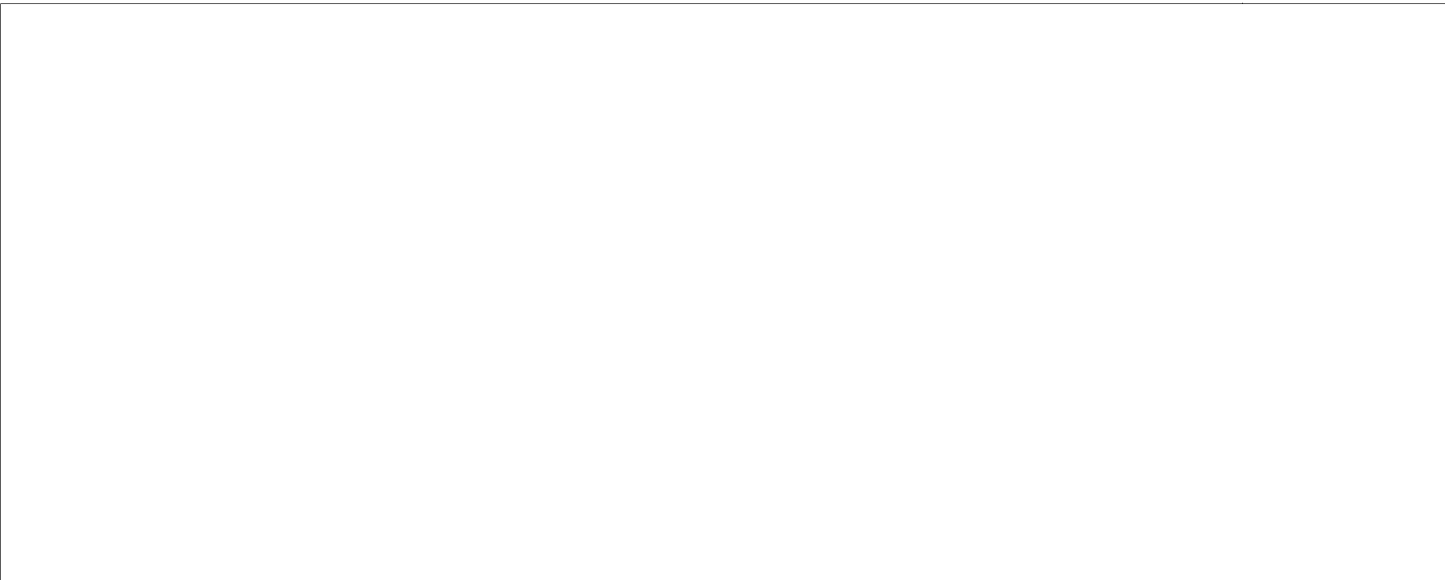
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confidence in ultimate success and that defections to the
government still come only from the Huk rank and file.



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NEAR EAST - AFRICA



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19. Greek opposition leader convinced collaboration with other parties impossible: Opposition leader Marshal Papagos is more firmly convinced than ever that cooperation with the Liberals or EPEK is not feasible. The Marshal told the American Ambassador on 2 April that Venizelos' recent activities made cooperation with the Liberals "utterly impossible," while EPEK's lack of leadership made it unfit for collaboration in a national coalition. The Marshal added that the Palace had shown evidence of increasing good faith.

King Paul later told the American Ambassador that he was not surprised at Papagos' continuing refusal to enter a coalition. He again told the Ambassador that efforts were being made to persuade Deputy Stephanopoulos of the Greek Rally Party to join the government as Prime Minister, bringing with him 15 other Rally deputies. The King emphasized that he was not participating in this effort but was keeping abreast of developments. [redacted]

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Comment: Although the government appears to have weathered the crisis over the execution of four Communists, it has been weakened by recent cabinet resignations and continuing dissensions. Papagos may well expect it to collapse shortly, thus giving him the opportunity, through new elections, for undisputed control of the government.

21. French Resident General satisfied with developments in Tunisia: French Resident General Hautecloque told the American Consul General in Tunis on 4 April that developments were going well, and that a new cabinet and the mixed commission would be formed shortly.

The Tunisian people in general, however, resent recent French measures and will consider any government formed by Prime Minister Baccouche unrepresentative, if not illegal. The Consul General says that the people are cowed and helpless, while nationalist counteraction seems limited to hopes for United Nations intervention. Small-scale sabotage and isolated attacks upon French installations continue. [redacted]

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Comment: The Resident General and the French Foreign Office continue to express optimism over recent developments. While there is little likelihood that any cabinet formed by Baccouche or any reform program based on the proposals announced by him on 1 April will be acceptable to the Tunisian public, the nationalists are too feeble to make an effective resistance.

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WESTERN EUROPE

21. Severe crisis afflicts Trieste pro-Cominform party:
A crisis has reportedly developed in the ranks of the pro-Cominform party in Trieste as a result of the mildly pro-Italian stand taken by the party leaders during the recent demonstrations in Trieste. Party chief Vittorio Vidali's "irredentist" speeches in southern Italy have added to the dissatisfaction, and efforts by party leaders to dissipate it have been unsuccessful. 25X1

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Comment: The Trieste pro-Cominform party, as opposed to its Italian counterpart, has been supporting the plan for an independent Trieste under four-power control. There are indications, however, that Vidali is preparing the ground for a shift to a policy compatible with that of his "Italian brothers."

Although the small Slovene minority in the party may be vulnerable to a Yugoslav attempt to exploit Vidali's alleged abandonment of the independent cause, the preponderant Italian majority and the old-line Communists will probably give full support to Vidali's leadership.

22. Italy wants to appear conciliatory on Trieste issue: The Director General of the Italian Foreign Office has told the American Embassy in Rome that his government would like to make a statement to counteract press reports of its intransigence in the Italo-Yugoslav negotiations over Trieste. He intimates that Italy would be satisfied with Zone A of the Free Territory and certain "clearly Italian" coastal cities of Zone B, with Yugoslavia receiving a narrow strip of Zone A in exchange.

Observing that negotiations with Yugoslavia are "getting nowhere," the Director General stated that after the London talks, the United States and Britain will have to act to resolve the impasse. The Embassy believes that the Italian Government is thinking only in terms of American and British pressure on Yugoslavia. 25X1

Comment: As early as August 1951 there had been indications of Italian willingness to settle on the basis of Zone A and the predominantly Italian coastal cities of Zone B.

23. Possible end of West Berlin coalition government seen:
Prospects for the successful continuation of the present anti-

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25X1 Communist coalition government in West Berlin are diminishing,
[redacted]

25X1 One leading Christian Democrat stated that, rather than agree to the Socialist demand for new elections, his party and the Free Democrats would form a new government without the Socialists but with a slim majority of five votes in the local assembly. [redacted]

Comment: Considerable bickering has threatened the existence of the Berlin city government since late January 1952, but an outright split has so far been avoided. Although any new government formed would be a pro-Allied grouping, the elimination of the Socialists, including Mayor Reuter, would bring to an end the long-standing cooperation between major Berlin parties which in the past has greatly aided the Allies in their occupation.

24. Austrian coalition newspaper criticizes West's distrust of Moscow proposals: In a 5 April editorial, the reputable Austrian coalition newspaper, Neues Oesterreich, sharply criticized Western, and particularly American, skepticism toward the possibilities of alleviating world tensions through negotiation. Attributing these tensions to "mutual distrust," it charged that both sides "display an increasing stubbornness in avoiding any open talks on pending problems."

25X1 The paper suggested that "boycott" of the Moscow Economic Conference was a mistake, regretted Western failure to explore the possibility of a big-four conference, and warned that "Austria" does not believe that missing opportunities promotes peace. [redacted]

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Comment: Since the withdrawal of the Communist Party from the Austrian coalition several years ago, Neues Oesterreich has presumably reflected the views of the two government parties. Last January, however, the paper moved very close to a "neutralist" line at a time when the coalition was strongly condemning Soviet failure to attend the London meeting of the Austrian treaty deputies.

There is little question of Austrian sympathy for the West, despite Austrian distaste for the occupation and lingering hopes for a revival of East-West trade. Criticism of Western "intransigence," however, is some indication of the necessity for fuller exposition of the Western case and careful refutation of each Soviet move.

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25. Local Italian Communist leaders defect to Christian Democracy: During the past two months, several more or less prominent local leaders of Italian Communist groups have renounced publicly their party ties and, in some instances, have joined the Christian Democratic Party. The most recent instance is the repudiation of the small "Catholic Communist Movement" by five of its leaders, who have now affirmed their "full obedience" to the Pope. In March, the Vice-Secretary of the Communist-dominated Federation of Tenant Farmers in Bari renounced Communism because he wished to be married in the Catholic Church. In other towns of southern Italy, and especially in the vicinity of Taranto, several dozen Communists have defected to the Christian Democrats. In Modena, one of the northern strongholds of the patriots during the Resistance, the local secretary of the Communist Partisan Veterans withdrew from the party because of "nationalistic" motives.

Although these defections by no means imply a mass movement away from Communism, they are interesting in that most of these ex-Communists, instead of joining another anti-clerical party, have joined the Christian Democrats. There is no evidence that the small dissident Communist movement headed by Cucchi and Magnani has benefited from these recent defections. Notwithstanding these defections, American Embassy observers expect the Communists to poll more votes than ever in the coming elections in southern Italy, and the Christian Democrats to lose strength because of widespread dissatisfaction with the policies of the De Gasperi government.

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26. British Foreign Office apprehensive over future Soviet moves on German peace treaty: The chief of German affairs in the British Foreign Office believes that if the USSR were prepared to pay a reasonably high price to disrupt Germany's integration with the West, they could do so without too much difficulty by offering genuinely free elections and Berlin as the capital of an all-German government. He believes that the Russians would not hesitate to jettison the East German Communists in order to achieve an all-German government which might be anti-Russian, but still preferable in their eyes to one integrated into the Western defense system. Most Germans, he thinks, are more interested in unification than in integration and believe that the latter would only make the former more difficult.

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This British official sees no substantive reason for delays in concluding the EDC treaty and contractual relations, but he believes that mutual suspicions are increasing now that close relations are imminent. [REDACTED]

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Comment: This Foreign Office official has previously expressed similar fears.

27. Norway willing to ship 2,000 tons of aluminum to USSR:
Norway has tacitly agreed to export 2,000 tons of aluminum to the USSR if a satisfactory agreement is reached on other points, principally the amount of wheat to be obtained by Norway. The Norwegians do not believe that the Soviet offer of 15,000 tons of manganese ore for aluminum will be increased. [REDACTED]

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Comment: This amount of aluminum would be less than that shipped in 1950 and 1951. However, although this quantity is not in itself significant for the Soviet economy, the Orbit countries, particularly Czechoslovakia, need aluminum.

28. Norwegian defense budget for 1952-1953 announced: Norway's regular 1952-1953 defense budget, which has now been presented to the Parliament, calls for an appropriation equivalent to 73 million dollars, or an increase of 30 million over the current fiscal year's budget. The increase is due in part to Parliament's anticipated approval of an 18-month period of service for conscripts in the navy and air force. The extraordinary defense budget will be presented separately. [REDACTED]

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Comment: The extraordinary budget, which involves the construction of military installations, will probably equal 56 million dollars. Despite increased expenditures, the Norwegian army will not, according to American military observers, make any great progress until military pay is raised and the number of regular army officers and noncommissioned officers increased. A disinclination to divert managerial talent from the civil economy, coupled with an anti-militarist tradition of opposition to a standing army, has so far delayed any significant action along these lines.

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LATIN AMERICA

29. Netherlands Antilles officials fear loss to Crown of important local offices: Local officials have expressed their fear to the US Consul General that, should the Dutch Crown lose control of the judiciary and the office of the attorney general (who heads the police and immigration service) as the result of the current Round Table Conference negotiations, the important oil refining operations on Curacao and Aruba would be jeopardized. Governor Struycken has remarked that in such an event the Netherlands Antilles would become "just another Guatemala."

The US Consul General believes that should these offices be lost to the Crown and become political footballs, there can eventually be expected the appearance of agitators from Venezuela and possibly some Communists who may create disorders and foment strikes in the refineries. [REDACTED]

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Comment: The Round Table Conference is being held at The Hague for the formulation of a "Statute of the Kingdom" to end the present interim regime and to give full stature to the Netherlands Antilles and Surinam in the Kingdom of the Netherlands. The loss to the Crown of the two offices mentioned above will be bitterly opposed by the Royal Dutch Shell and the US Standard Oil companies which fear that it will subject them to unfair discrimination at the hands of irresponsible and opportunistic local politicians.

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FAR EAST

1. Chinese Nationalists to reserve position on dissolution of Far Eastern Commission and Allied Council for Japan: The Nationalist Government informed the United States on 5 April that the Chinese would find it "difficult" to support any measure recommending the dissolution of the Far Eastern Commission or the Allied Council for Japan when the multilateral treaty comes into effect.

As the Nationalists doubt that the Sino-Japanese treaty will be concluded before the multilateral treaty comes into effect, Chinese agreement to the dissolution of either of these organizations would leave Chinese nationals and interests in Japan without any protection. [REDACTED]

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Comment: This is a modification of the earlier Chinese position, which was to oppose termination of either organization. This would have been favorable to the USSR, whose representation in Japan is by virtue of Allied Council membership.

A majority of the Far Eastern Commission member nations has ratified the Japanese Peace Treaty, and presumably would vote for its dissolution. The United States contends that the Allied Council for Japan automatically ends with the termination of the office of Supreme Command Allied Powers.

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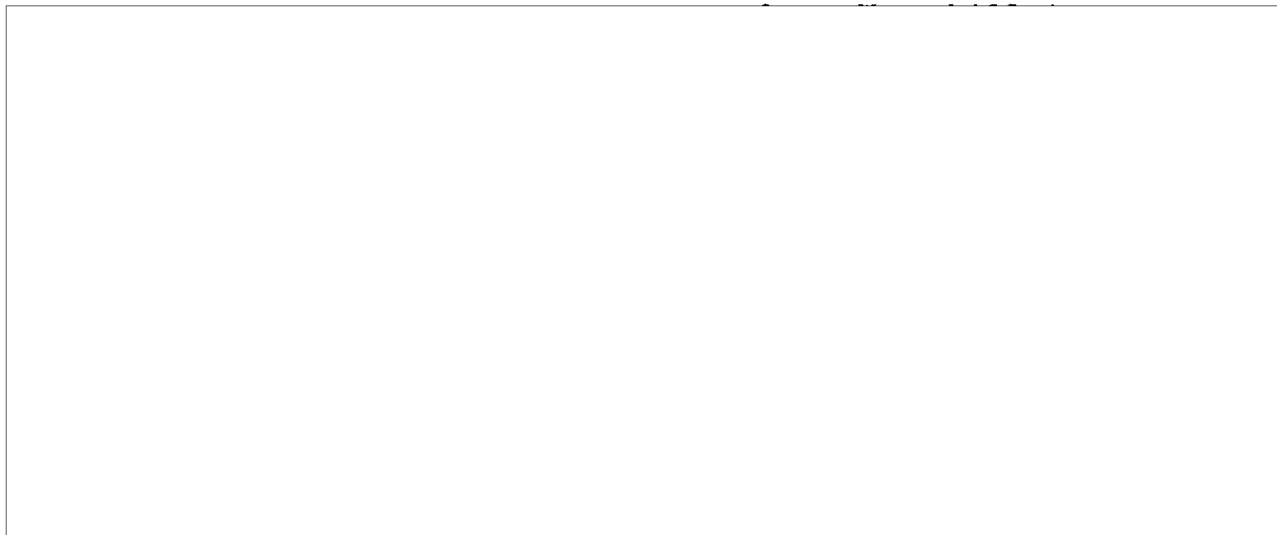
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